

CONSUMER SATISFACTION AND CUSTOMER LOYALTY IN THE SERVICES SECTOR: A CASE STUDY OF BKT BANK- PRISHTINA, KOSOVO

Ali Ismajli, PhD Candidate

Kosovo Customs, Prishtina, Republic of Kosovo

Vjollca Hysi - Panajoti, Prof. Asoc.Dr.

Economic Faculty, University of Tirana, Albania

Labeat E. Fejza, BA

Diellza A. Ismajli, BA

Economic Faculty, University of Prishtina, Republic of Kosovo

Ejup Fejza, Dr.Sc.

Universum College, Prishtina, Republic of Kosovo

Abstract

Consumer behavior is the study of the way people, groups and organizations select, buy, use products, services, ideas or experiences in order to satisfy their needs and desires, while customer loyalty express the level of loyalty customer have to the company he/she buy products or services. Therefore, these two concepts are strongly interrelated. The consumer tends to be loyal to producer or service provider as long as the consumer is satisfied with the products or services they offer. The aim of this paper is to analyze and present consumer satisfaction and loyalty of customers of Banka Kombëtare Tregtare-BKT, branches in Prishtina, Republic of Kosovo. During the research process, we used both secondary and primary data. For the sake of research, we have interviewed 200 customers who are using products/services offered by BKT-branches in Prishtina, Capital of the Republic of Kosovo. Random customers were used in this survey and questions asked were closed type ones. The research instrument used in this study was a questionnaire while the technique used was through direct communication. The research was conducted between May and July 2012.

Keywords: Consumer, satisfaction, loyalty, loan, credit card, debit card

I. Introduction

Nowadays, economy is characterized by dynamic development in all areas of life; it is proven that the creation of customer satisfaction and loyalty is the key to profit by every enterprise. In one way or the other, we are all concerned with customer satisfaction, as each of us lives by selling or purchasing goods or services. The ability to identify and satisfy customers is the door to enter into a worldwide business success. Managers of whether their enterprises are small or large, constantly think about finding new and creative ways to satisfy their customers better than their competitors. In Kosovo, this area is new, although we are noticing certain improvements in the area of services for customers every day especially in the banking sector. Every day and often as possible, we are seeing the smiling faces from the entrance door of banks, careful staff, competitive prices in the market with attractive ads, etc. All of these strategies are employed by banks with the purpose of satisfying and meeting the needs of their customers and to make the customer loyal to them. Banks in Kosovo are licensed and monitored by the Central Bank of Kosovo- CBK²⁷. Therefore, there are nine (9) banks registered by CBK, and Banka Kombëtare Tregtare- BKT is one of them. BKT was established in Albania as “Mother Company”, while in Kosovo, BKT opened several branches and as today, there are over 24 branches of BKT in Kosovo²⁸ operating in all cities of Kosovo.

II. Literature Review

2.1. What is consumer behavior?

Consumer behavior is the study of the way people, groups and organizations select, buy or use products, services, ideas or experiences in order to satisfy their needs and desires. Studying customer provides the key to continuous improvement of products and services, as well as the pricing and development of other marketing activities (Ph. Kotler and K.L.Keller 2006). The consumer behavior is defined by J.P. Peter and J.C. Olson (1999) as a " *dynamic interplay of consent, knowledge, behavior and environment from which people are guided in the process of exchange in various aspects of their lives* ". In other words, consumer behavior entails people's feelings and thoughts and decisions that make changes in the buying process. Also, consumer behavior covers all aspects of the environment that influence these thoughts, feelings and actions. These include comments from other customers, different ads, information on pricing, packaging and appearance of products as well as many other factors from the hinterland. The most important thing that is derived from the definition of consumer behavior is

²⁷ <http://www.bqk-kos.org>

²⁸ <http://www.bkt-ks.com/kosova-branches-2.aspx>

that it is a dynamic process that involves interaction and exchange. Consumer behavior is dynamic because the thoughts, feelings and actions of individual consumers, consumer groups and society as a whole are changing constantly day by day. Internet can serve as an example of what has affected the way people gather information about products and services. The fact that consumers are changing constantly makes the research on customer needs necessary and for that enterprises should follow these trends. Therefore, the dynamic nature of customer makes the development of marketing strategies very hard because the strategies that work at one time in the market may fail at another time in another market. Taking into account the life cycle of products which has never been short as it is now, enterprises are forced to always be innovative in order to create higher value for its customers. This includes the creation of new products, modification of existing products and creating new strategies for selling these products.

Consumer behavior includes the interaction between feelings, thoughts, actions and environment. Each manufacturer must have a good knowledge of what is to be produced for their consumers, what customers need to buy and the product they use and what influences their decisions to purchase and consume. The more knowledge the producers have of the impact of this interaction on consumers, the better they meet the needs and wants of consumers by producing goods with higher value (J.P. Peter, J.C. Olson, 1999). For example, one of the biggest changes is the company's number of customers showing that customers with average incomes are decreasing, while the number of consumers with low incomes kept increasing. Consumer behavior involves exchange between people. In other words, people give up a valuable good and get something else in return. An example might be when people give money in exchange for various products and services; however, this exchange is done between buyers and sellers. In many cases, companies underestimate the role of those who influence purchase. In some cases, the purchase process can be very complex and may involve more than one person and last for a long period of time. If the company does not take this into account, it could lead to the failure of the product sales.

The purchase process varies depending on the buyer or product. For purposes of studying consumer behavior, the process is identified during the purchase situations (A. Palmer, 2000):

ROUTINE PURCHASE: In this case, the buyer decides to purchase routinely, without regard for the acquisition process, such as buying the same daily newspaper.

MODIFIED PURCHASE: Buyer may be familiar with the product, but this time wants something a little different. For example, buyers may

have knowledge about colors, but this time, the need for a specific color makes him/her to seek for more information.

NEW PURCHASE: Occurs in cases where the buyer has no previous experience associated with the product purchase process and therefore the purchase process will last longer, and the buyer will have to consult more sources of information. Example might be the purchasing of an apartment.

2.2. Definition Of Consumer Satisfaction

Most people think that measuring customer satisfaction cannot be difficult, because the customer is either satisfied or is not satisfied with the product. If the customer gets what he/she wants or needs, then they are fulfilled and satisfied, but if not, then they are unhappy and not satisfied. But what is really customer satisfaction? In literature, there are different definitions of customer satisfaction, most of which emphasize the fulfillment or non-fulfillment of expectations from the product or service that the customer has purchased. However, satisfaction is relative and varies with time. Customer satisfaction surveys reveal that assessments made after purchase of the product or service is the meaning of it. Satisfaction can be defined in different ways. In this regard, we can conclude that customer satisfaction is the result of value received compared to the value expected by the customer. Satisfaction means the client is feeling positive about the product or service purchased, it gives the feeling of conviction to the consumer that he/she has made a good choice in choosing between different alternatives.

2.3. Customer Loyalty

Loyalty is known as one of the highest virtues that a person possesses. Loyalty is a very interesting topic in our society. One can be loyal to his family, loyal to friends or someone close to him. Every enterprise today wants to have large number of satisfied customers, very satisfied and loyal customers. For this reason across the world, different enterprises have spent millions in order to increase their customer loyalty. There are over 40,000 books which point to the importance of customer loyalty and provide methods to gain their loyalty. Hundreds of thousands of articles have been written to show the financial benefits that enterprise could gain from customer loyalty. As loyal as you are to someone, the more likely it is that he/she will be loyal to you. In other words, loyalty is earned. There are different types of loyalty: price loyalty, monopoly loyalty, inert loyalty, non loyalty and emotional loyalty (John. A. Murphy, 2001).

2.3.1. PRICE Loyalty

For many consumers, price often plays a big role in the decision to purchase. For as long as the company remains competitive in terms of price, customers will remain loyal. If they abandon it, concerned customers will change their lifestyle as a result of the mistake of the enterprise. Greater abundance of these customers increases snobbery and their purchasing power. Enterprise is rarely responsible for the loss or retention of this type of customer and therefore must have knowledge about the effect of price in purchase decision making.

2.3.2. MONOPOLY Loyalty

Enterprises that have the luck to have a monopoly on various products or services have a substantial customer base and not have to worry about storing them. Here the price does not matter; the only important thing that matters is the quality. If the enterprise has monopoly but treats its customers with care by offering quality services, then new competitor would find it even more difficult to attract these customers.

2.3.3. INERT Loyalty

As a principle, 98 % of people are lazy. They accept what was given away because it is easier than to look around to find something better. They prefer a company because it is familiar and feels comfortable to them. In another part of the city can be a company that offers the best and cheaper services, but they will not go to seek how their customers can be cared for better. Enterprises often do not notice these clients because they are not persistent in asking enterprise to improve their service. However, by passing the time, these inert consumers will get tired of being ignored. When the first customers are going to leave, the rest of them will leave also. Therefore, it is important that company should take care of these customers in order to awaken them by strong feelings about the enterprise. If enterprises will take better care constantly for these customers, then the company will have greater opportunity to keep them.

III. Research Methodology

The object of the research was to identify and assess customer satisfaction and loyalty of BKT Bank customers in Prishtina. Initially, a questionnaire based survey was prepared and the results were analyzed in this research. Some of the most important questions are also part of this paper. Main methods which are used in this paper are the descriptive method, the method of comparing companies, analyses method, and the synthesis method.

In Kosovo, there are 9 registered banks by Central Bank of Kosovo. Banka kombëtare Tregtare-BKT opened branches in Kosovo in 2006, starting from Prishtina as the Capital of the Republic of Kosovo. Therefore, as at today, there are 24 branches of BKT all over Kosovo. Survey questionnaire was used as the main research instrument, which consist of 8 questions and 2 sub questions made to 200 customers of BKT in Prishtina, while direct contact with customers was realized within or near the premises of BKT branches in Prishtina. Questionnaires were distributed and collected from 200 customers of BKT Bank- Branches in Prishtina. Hence, the survey was conducted between May and July 2012.

Delimitations: In this study are included only customers of BKT from the Capital of the Republic of Kosovo, Prishtina, and are not included customers of BKT in other cities all over Kosovo.

IV. Results

1. *Why did you choose BKT?*

On the question "Why did you choose BKT?", 26% of respondents said that they have chosen the bank because of their trustfulness to the bank, 26% of them said that they have chosen the bank for their safety, 15% for fast services that the bank offers, 6% of respondents think that the bank has internationally good image, 8% think that the bank offers quality services, 6% for thinking that the bank has professional staff, 2% due to comfort you feel in bank premises, 6 % due to correctness of bank staff, 2% because they think it is serious bank and 5% of respondents selected BKT because they think that it has the tradition on banking business.

Table 1. Reasons for choosing BKT Bank

<i>Why did you choose BKT?</i>	<i>%</i>
Trustfulness	26%
Safety	24%
Fast services	15%
Internationally good image	6%
Service quality	8%
Staff professionalism	6%
Comfort of the bank interior	2%
Correctness of bank staff	6%
Seriousness	2%
Tradition	5%
Total	100%

2. *Which services of BKT bank are you using?*

Out of all respondents, 200 of them, answered that they are bank account holders, 88 respondents are having loans in BKT, 56 of them use the

bank transfer services, 116 use the machines for cash withdrawal at ATMs, 58 respondents use e-banking, 48 credit cards, while 91 of the respondents use the service debit cards offered by banks, and other services were used by 27 respondents.

Table 2. Services that customers use

<i>Which services of BKT bank you are using?</i>	Number
a) Account holders	200
b) Loans	88
c) Transfers	56
d) ATM	116
e) E-banking	58
f) Credit cards	48
g) Debit Cards	91
f) Other services	27

3. How many services of BKT you are using?

From the analysis of answers gotten from the previous question, it was asked from respondents as sub question, to answer the number of services they use as customers of BKT Bank. From this analysis, as described in the table below (table 2.a.), it is shown that 8% of customers use only one service, 23% use two of the services offered by the bank, 35% use three services, while 34% of customers use more than four of the bank services.

Table 3. Number of services used by customers

<i>How many services of BKT are you using?</i>	%
One service	8%
Two services	23%
Three services	35%
More than four services	34%
Total	100%

4. How satisfied are you with bank services?

As shown in the table below, any of customers of BKT Bank did not answer with “*very unsatisfied*” or “*unsatisfied*”, 17% of customers are moderately satisfied, 47% answered they are satisfied with services, while 36% of respondents expressed that they are very satisfied.

Table 4. Satisfaction with bank services

<i>How satisfied are you with bank services?</i>	<i>%</i>
1 - Very unsatisfied	0%
2 – Unsatisfied	0%
3 - Moderately satisfied	17%
4 – Satisfied	47%
5 - Very satisfied	36%
Total	100%

5. Are you satisfied with the time of completion of service?

Respondents expressed very pleased with the time of completion of services: Out of 200 respondents, only 2% were unsatisfied and 16% moderately satisfied, while 39% were satisfied and 43% very satisfied with the time of completion of service while asking it from the bank employers.

Table 5. Time of completion of a service

<i>Are you satisfied with the time of completion of service?</i>	<i>%</i>
1 - Very unsatisfied	0%
2 – Unsatisfied	2%
3 - Moderately satisfied	16%
4 – Satisfied	39%
5 - Very satisfied	43%
Total	100%

6. How much do you trust the BKT Bank?

In the terms of trustfulness, the bank interviewees expressed themselves as very satisfied regarding to trustfulness to BKT Bank. Only 3% of respondents have some reserves to trust the bank, 49% believe that the bank is safe and they do trust them, while 48% do not have any doubt regarding the safety of this bank and they trust BKT Bank very much.

Table6. Trustfulness to the BKT Bank

<i>How much do you think BKT Bank is a safety bank?</i>	<i>%</i>
1- I don't trust at all	0%
2 – I don't trust	0%
2- I have some reserves	3%
4 - I do trust	49%
5 – I trust very much	48%
Total	100%

7. Do you think that the Bank staff keeps confidentiality of your financial data?

100% of respondents were asked to answer this question, 90% of them said they were convinced that the staff of BKT Bank does not provides information to anyone who is not authorized to know the financial condition

of customers, while only 10% of respondents have some doubts about their confidentiality.

Table 7. Confidentiality on keeping financial data

<i>Do you think that the Bank staff keeps confidentiality of your financial data?</i>	<i>%</i>
YES	90%
NO	10%
Total	100%

8. Have you suggested BKT to someone else?

Responses to this question were very positive and hopeful to increase the number of customers of the bank, since the best advertisement for company is customer satisfaction and word of mouth. 88% of respondents have suggested the bank to others while 12% of respondents have not suggested this bank to others.

Table 8. Bank suggested to other people

<i>Have you suggested BKT to someone else?</i>	<i>%</i>
YES	88%
NO	12%
Total	100%

8.a. To how many people?

The numbers on the table below shows that 77% of respondents have suggested BKT to 1-5 people, 20% said they did so to 6-10 people, 2% of respondents suggested between 11-20 people, while 1% have suggested BKT to over 20 people.

Table 8.a. Number of people clients suggested BKT Bank

<i>To how many people?</i>	<i>%</i>
1-5	77%
6-10	20%
11-20	2%
Over 20	1%
Total	100%

9. Do you think that there are enough ATM and POS machines of BKT out of the BKT Premises?

Responds gotten from respondents on the last question were not good for the bank, since only 9% of them declared that there are enough ATM and POS machines outside the bank premises while 91% declared that there are not enough ATM and POS machines outside of BKT premises.

Table 9. Number of POS and ATM Machines

<i>Do you think that there are enough ATM and POS machines of BKT out of the BKT Premises?</i>	<i>%</i>
YES	9%
NO	91%
Total	100%

V. Conclusion

From the results of the research survey regarding the satisfaction and loyalty of customers to BKT bank services, we may conclude that among the customers of the bank, most customers dominates mostly a positive opinion about the bank as a whole. Below are some conclusions derived from this research study:

- ✓ It is proved that the majority of customer's trustfulness and safety of the bank have an important role while customers chose a bank which is the case with BKT in Kosovo.
- ✓ The most used services from BKT clients are ATM, Loans, debit cards and transfers.
- ✓ It was also noted that 92 % of customers use more than two banking services.
- ✓ About 82% of respondents are satisfied with time completion of the services.
- ✓ 97% of respondents do trust or trust very much BKT bank and all of them also trust and believe on the confidentiality of BKT staff regarding the secrets of the financial data of clients.
- ✓ 88% of respondents have suggested BKT to others which is a very good feedback to managers of BKT, knowing that customers are promoting their bank.
- ✓ The only major concern derived from this research survey is the presence of ATM and POS machines outside of BKT premises. 91% of respondents are not satisfied with this service which should be a big concern to BKT management. BKT should seek on offering to customers, more possibilities to use ATM machines outside of BKT premises within stores and markets so that customers of BKT would not pay extra fee for payments outside of the BKT premises.

References:

Marketing Management Ph. Kotler and. K.L. Keller, 2006
 Bazat e Marketingut N. Rexha dhe N. Reshidi, Prishtinë, 2000
 The Lifebelt: The Definitive Guide to Managing Customer Retention, John. A. Murphy, 2001

Consumer Behaviour and Marketing Strategy. J.P. Peter, J.C. Olsen, 1999
Competitive Marketing Strategies, N. Paley, 2005
Istrazivanje Trzista M.Marusic, T Vranesevic, 2001
Principles of Marketing, A. Palmer, 2000
Marketinski Planovi, kako ih pripremati, kako ih koristiti, M.McDonald, 2007
Marketing Management, D. Loudon, R. Stevens, B. Wrenn, 2005
Visual Marketing, From Attention to Action, M. Wedel, R. Pieters, 2008
Customer Satisfaction is Worthless, Customer Loyalty is Priceless: How to Make Them Love You, Keep You Coming Back, and Tell Everyone They Know, Jeffrey Gitomer, 2005
Improving Customer Satisfaction, Loyalty, and Profit : An Integrated Measurement and Management System, Michael D. Johnson, Anders Gustafsson, 2000
Researching Customer Satisfaction & Loyalty: How to Find Out What People Really Think, Paul Szwarc, 2005
Loyalty Myths: Hyped Strategies That Will Put You Out of Business and Proven Tactics That Really Work, T.L. Keiningham, T.G. Vavra, L Aksoy and H. Wallard, 2005
Consumer Behaviour a European Prospective, M. Solomon, G. Bamossy. S. Askegaard, 1999
Understanding the Consumer a Psychological Approach, D.A. Sttat, 1997
Customer Satisfaction: Tools, Techniques and Formulas for Success, Craig Cochran, 2003
Customer Loyalty: How to Earn it, How to Keep it, Jill Griffin, 2002
Managing Customers as Investments: The Strategic Value of Customers in the Long Run, S.Gupta, D. Lehman 2005
Customer Relationship Management, K. Anderson, C. Kerr, 2002